

To Begin Click Here: [Getting a Capital Project
Implemented](#)
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To Begin 1

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By Arielle Robinson

Everyday many people view work going on around the city involving everything from workers fixing the sidewalks to fixing busted pipes in the ground or some other type of work that is equally important for the City of Houston's improvement. According to the 2008- 2013 Capital Improvement Plan Executive Summary, the projects "are vital to our city...The underlying motive behind these programs is to improve safety, mobility, and lifestyles of Houstonians, in turn having a positive affect on the local economy." Today I'm going to explain how these capital projects are implemented. You will learn how the city decides to do a project, how it advertises jobs, how it compares bidders to decide which contractor gets the job, where the project funding comes from, and the process to decide whether the chosen contractor can do the job so the project can be put into motion.

Before a project can be set-up and implemented, you first have to know what the project will be. The city has to see what is needed and check to make sure there's money for such a project. Sometimes, the money is given with its intents and purposes already set-up by whoever gave the money. Before the city advertises a project bid, it does an

inspection, such as a TV, to see what needs to be done. CCTV, AKA TV, stands for closed-circuit television. During a TV, a truck is taken out to take pictures of the pipes so the city can see what needs to be done. To do this, the truck drops a line with a camera attached to the end of it into a manhole. This will help the city decide whether the pipe needs to be replaced or rehabilitated. Once they know what needs to be done, they can lay out their plan and put it out there for a contractor who wants to do the project.

Once the project is decided, the city will begin advertising the project bid. Advertisements can be found in the Notice to Bidder section in each Friday's Houston Business Journal, in Sunday's Houston Chronicle, and in weekly bid advertisements on Municipal Access Channel on Time Warner Communication Cable TV. A listing of current bid advertisements over \$25,000 can be found on the bid hotline. Also, in the City Hall basement people can view current bids and Requests for Proposals. The bids and Requests for Proposals are also available to be viewed online. In order for companies to even consider bidding on products and services procured by the City of Houston, they must first submit a Supplier Registration Form and be issued a vendor number. This information along with other important bidding information can be found on The City's

Strategic Purchasing Division's website, www.purchasing.houstontx.gov, for both prime and subcontractors. Contractors who wish to be considered MWDBE contractors must also go through a similar process. Along with the Supplier Registration Form, they must also file an application with Affirmative Action and Contract Compliance Division. They will have to meet certain requirements and once they are approved they will be put on a directory listing. This process takes about four week's total. Once they are set-up with the city, they can begin looking for work on city projects.

Once the bid advertisement is put out and companies are listed with the city, companies can begin to send in their Requests for Proposals saying how much it would cost them to do the job and everything it would take in order for them to complete it. The proposal is basically a first chance for the companies to throw themselves out there. At this time, they can also give their proof of insurance. A complete listing of all formal bids and proposals are made available online through the Strategic Purchasing Division and updated daily, but to download them you have to be registered with division. The bids will not be put up until council makes an award though. The proposal is very rough and once the city holds the pre-bid meeting, companies can

refine their proposals in comparison to the city's engineers' bid. The pre-bid meeting gives companies a better idea of what the contract would entail and what all is needed. Information on the pre-bid meetings are posted on the internet, found on the bid hotline, etc. After the pre-bid meeting, companies put out their actual bids. They are allowed to change their numbers from the proposal to the bid. When all of the companies put in their bids, a bid tab is put together. A bid tab is a comparison between all valid bidders and the city's engineers. It will always be made unless there isn't any bidding involved with the contract, such as with most service contracts. The city engineers are set as the base price. The other bidders will have a bid factor that is set in comparison to the base price. For example, if the engineers say that their price for an item is \$6 and company A says their price is \$7, then company A's bid factor is 1.170000. Every item is priced according to the bid factor of each company. The bids are done this way because in the past there was a problem choosing companies when the bids were done "dollar to dollar". Sometimes companies would bid the same exact amount, so choosing which contractor received the job was tricky. Before, certain people would choose the contractor based on favorites. Other times, the city would

choose the contractor based on who had the most experience or had done more work for the city. This would make the newer companies mad because it didn't give them a chance. Other times the city would choose a newer company or one that had fewer jobs with the city to try to give them a chance, but then the other companies would complain that they had more experience and therefore deserved the jobs. Eventually the city decided it would be smart to start using the bid factor. Since it goes out to six decimal places, it really makes it obvious why the company is chosen if everything else lines up equally. No major changes can be made to the bid tab because the bid tab becomes a contract. Small changes can be added by making an addendum, which has to be signed by the company who gets the contract. For example, my supervisor came across a contract where he realized that the item prices in the system were not the same as the ones in the contract. Whoever had put the numbers in the system had forced such big changes in a lot of the prices that the contractor received around \$100,000 more than they were supposed to. Of course the contractor didn't complain, but the city lost money. Along with the bid tab, there is also a bid form and bid tally. The bid form is where the companies turn in

their bids and the bid tally is a summary of the bids which names all of the bidders and their bid amounts.

When it comes to actually choosing the contractor for the job, more than just the bid amount is taken into consideration. Normally the lowest bidder is chosen, but other information such as proof of insurance has to be checked. Sometimes the lowest bidder bids so low that the engineers have to double check that the company can actually do the job for that amount. To do this the engineers must look at the company's other jobs. The company may be getting a big enough profit on their other jobs to be able to spare the extra money for this job in favor of keeping their workers together since it might be easier and more efficient for them to use the same workers. Maybe the company was able to cut off money in different areas without making anything less efficient, fair to workers, or unethical in any way. Along with making sure the bidder can do the job, the engineers will also do an average with the bid amounts of the engineers and bidders to see if anything is off regarding the engineers' base prices, illegal activities, etc. Once a company is chosen something along the line can still come up to stop it from actually getting the job. The company still has to have insurance, the ability to do the work, etc. If the contract

is over one million dollars, the company also has to have MWDBE subcontractors that receive a certain percentage of the paid work. The engineers will check that the contractor has everything in order when they complete the Request for Council Action.

As stated before, the Request for Council Action or RFCA is where the engineers will check the contractor has everything it needs to do the project. RFCAs are always used when the council is needed to take action or agree on something. For example, council will approve or deny the opening and closing of a contract. There are 13 to 14 items in the RFCA package and the engineer administrative staff goes through a check list to make sure everything is there. The RFCA will pass many different hands before it is completed since different sections are done by different people. The RFCA will also say where the funding for the project is coming from even though the Form A, verification of available funds, will be attached to the back. The Form A isn't completed by the engineer administrative staff. There is also a Request Routing Form.

Most funding for city projects is separated in four different ways, Volume One and Two of the Capital Improvement Plan (CIP) which separates projects by where the funding comes from, the Emergency Purchasing Orders

(EPO), and State Revolving Funds (SRF). Volume One of the Capital Improvement Plan goes over capital projects funded primarily from property tax supported public improvement bonds. These funds are available as a result of a 776 million dollar bond election approved by the Citizens of Houston in November of 2001, but since this money is being steadily expended the city had to look for money elsewhere. In November of 2006, the city held a 625 million dollar bond election which was eventually approved by the Citizens of Houston. Volume Two covers the Enterprise Fund capital programs which include capital projects funded primarily with revenue bonds supported by user fees. This includes Airport, Convention and Entertainment, Wastewater, and Water. Aviation and Convention & Entertainment programs are supported by system revenue bonds paid with income from the air travel and tourism industries while Water and Wastewater revenue bonds are retired using income from commercial and residential customers. These projects can also get additional funding, if needed, from State Revolving Funds. SRFs are low interest loans from the state. The backing for these loans comes from federal funds, and the type of work the money can be used for is determined in advance. In order for projects to be funded this way, contractors have to meet certain requirements

which are set by the state. These contracts take longer to pay because they go through a different set of people due to the fact that payments have to be approved and transmitted from the state. SRFs can also add percentages to the amount of work needed to be given to MWDBE contractors. Finally, sometimes funding for a project comes in the form of an Emergency Purchasing Order. Emergency Purchasing Orders are used when something immediate comes up and money has to be directed to fix that problem. As stated before, sometimes money is given to the city with its purpose already set out but unfortunately sometimes EPOs happen. In this case, money is directed from one fund to the issue at hand. Emergency Purchasing Orders are not the only cases where money has to be transferred from other areas. Sometimes there just isn't enough money left in the fund at the moment to pay for the job so that department has to ask for a transfer from another department. For example, one might find that a certain monthly contract paycheck is split into two different amounts because one came from the normal funding area while the other had to be transferred over. It really becomes tough to transfer money elsewhere near the end of the fiscal year when everyone is trying to get their jobs paid for. There has to be funding before the project can become a reality.

Finally, when everything else is set up, it is up the council to decide whether the contract will actually be implemented. The engineering administrative staff tries to get the RFCA together in October and November so that hopefully it can be approved by council before the beginning of next fiscal year. The engineers have everything checked on the RFCA when they send it to council so normally council just has to look it over and approve it. Sometimes last minute things come up in which council has to deny the contract. The contractor also has to have signed addendums that were added to the contract otherwise their bid is invalid since the addendums are considered a part of the contract. Once everything is approved, the preconstruction meeting has to be held and then work can begin.

Now that you know how the City of Houston's capital projects get started maybe you'll understand the inner workings of the city a little better, at least in this area.

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